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Branan, Charles I.

Hon. Chas. I. Branan's ...
interstate currency plan
Atlanta, Ga.

[1895?]

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Branan, Charles I.
... Hon. Chas. I. Branans ... interstate currency plan,
for the creation of a safe and elastic currency which will
increase the volume of currency in the United States,
upon a safe basis, and create a demand for silver by
which it is possible to double its present bullion value.
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Banks & Banking

.. TO ..

United States Congress:

COMPLIMENTS OF

Two Hundred and Fifty Thousand Commer-
cial Men of the United States, who are
now ready to go forth into
every hamlet, and say:

*"And we declare unto you glad tidings, how that the promise which was
made unto the (people) fathers, hath been fulfilled;"*

But who do not wish to be compelled to go among their people and say:

*"But tidings out of the East and out of the North shall trouble (you)
him: therefore (they) he shall go forth with great fury to destroy, and
utterly to make away many."*

Hon. CHAS. I. BRANAN'S
(OF ATLANTA, GA.)

INTERSTATE Currency Plan,

FOR THE

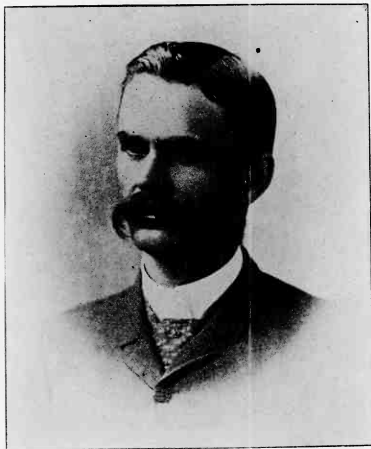
CREATION OF A SAFE AND ELASTIC CURRENCY,

WHICH WILL INCREASE THE VOLUME OF
CURRENCY IN THE UNITED STATES, UPON
A SAFE BASIS, AND CREATE A DEMAND
FOR SILVER BY WHICH IT IS POSSIBLE TO
DOUBLE ITS PRESENT BULLION VALUE.

THE FOOTE & DAVIES CO., PRINTERS, ATLANTA, GA.

1893-4

LIBRARY OF
THE REFORM CLUB
SOUND CURRENCY COMMITTEE.
52 William St., New York.



Chas. I. Branam

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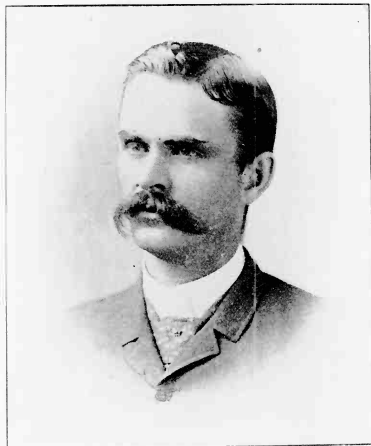
(OF ATLANTA, GA.)

INTERSTATE Currency Plan,

FOR THE

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THE FOOTE & DAVIES CO., PRINTERS, ATLANTA, GA.

20 Nov 1919 Jm

"A drop of action is more beneficial than an ocean of theory."

HON. CHAS. I. BRANAN'S PLAN,

(OF ATLANTA, GA.)

WHICH EMBODIES A PLAN TO INCREASE THE VOLUME OF CURRENCY, AND RELIEVE THE NATIONAL OR STATE GOVERNMENT OF ANY DIRECT RESPONSIBILITY FOR THE PAYMENT OF SUCH BANK NOTES.

THIS National Interstate Banking Law to allow State Banks of Issue, has been planned and outlined by the Hon. C. I. Branan, Representative from Fulton County, Georgia. He is a member of the House of Representatives of Georgia, and on the Finance Committee of that body. He states that this suggestion for an Act places all banks of issue in the hands of their respective States; also all money or bonds in the "Guarantee and Redemption Fund" in the vaults of their own State; at the same time gives the National Government power to look into the standing and condition of all banks of issue—and further, that any person or banker would know and feel safe with Georgia money in his hands, knowing the banking law in Georgia to be the same as in other States; and the fact that in the last report of the Secretary of the Treasury of the United States, placed the banks of that State in good condition. And this law provides that all banks shall have \$275,000 to secure the issue of \$75,000, or less of currency bank notes, and smaller or large banks on the same basis.

Mr. Branan says that this plan may not be perfect, but it is feasible and safe beyond a doubt.

The plan suggested is as follows:

332

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v. 73

SECTION 1. *Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled,* That the provision of the act of taxing State banks is hereby repealed, provided that any State enacts an act, which will embody this interstate law governing State banks hereafter prescribed, which shall be satisfactory to the majority of the board of commissioners of banks of issue, in which majority shall be included the President and the Secretary of the Treasury.

SEC. 2. That all bank charters shall specify that the liability of stockholders is the same as provided in the National Bank Act; and further, said State law will require that said stockholders shall have the consent of the Treasurer of said State before selling (stating number of shares and amount), and their liability shall not cease until thirty days have expired, after the consent of the Treasurer of said State.

SEC. 3. That when the president, cashier, board of directors, accompanied by a list of stockholders, copy of charter and a sworn statement of the condition of said bank, make an application to the Treasurer of the State, in which said bank is located, and asks to become a bank of issue under this act and hereafter specified,—then it shall be the duty of the Treasurer to investigate the condition of said bank; and on the recommendation of the State officer, herein provided, who is duly authorized to examine said bank, and the bank examiner named by the State banks of issue,—provided that said bank's subscribed capital is paid in, and is unimpaired, said Treasurer of said State in which said bank is located, shall be authorized to collect and hold such funds to protect the issue of the amount of currency; also that they may ask to be allowed to place into circulation according to this act hereafter specified; and when said law herein stated, shall have been complied with satisfactory to the Treasurer of the State, then said officers herein named,

shall be authorized to sign certificates stated in application to the Secretary of the Treasury of the United States for the issuing of circulating bank notes.

SEC. 4. That national banks can issue State bank notes under this act equal to seventy-five per centum of their unimpaired capital, less the amount of National bank notes, which they have in circulation, by complying with the provisions of this act; and State banks shall not issue over seventy-five per cent. of their paid up unimpaired capital, under this act; and this shall be subject to a tax by the United States of one half of one per centum per annum, and the same amount of tax by the State, in which such banks are located; said tax to apply to such circulating bank notes as are taken out of possession of the State Treasury, for circulation provided for in this act.

SEC. 5. That the tax of one half of one per centum per annum by the United States upon the amount in possession of each national or State bank shall be paid to the Secretary of the Treasury of the United States, and this tax collected by the United States shall go towards defraying the expenses of the officers, printing of circulating notes, and other expenses in carrying out this act, and the residue shall go into the general funds of the United States, and paid out as hereafter provided. And one half of one per cent. per annum levied by the State herein stated shall go to defray the expenses of officers, etc., of said State, and the residue to go into the funds of the State in which said bank is located; said tax to be collected through the proper channel of said State.

SEC. 6. That all printing or engraving of bank plates, shall be executed and printed on the distinctive paper used by the United States for their securities; and all bank note plates shall be held by the Secretary of Treasury of the United States. Application blanks for the printing and issuing of any amount of circulating notes shall be furnished by the United States; said applications shall contain blank spaces for the signature of the president, cashier, board of directors

of bank making application, State bank inspector and the bank association's inspector herein provided for in this act; also blank space for the Treasurer of the State from which the application is received, who shall certify to the correctness in said certificate worded by the Comptroller of the Currency of the United States.

SEC. 7. That the bank issuing circulating notes shall deposit and maintain a "Guarantee Fund" with the Treasurer of the State in which said bank is located, equivalent to five per cent. of the amount of circulating notes which said State Banks hold in their actual possession, or has gone out into circulation by their instruction. A non-transferable certificate (without consent of State Treasurer) shall be given to the bank making said deposit bearing three per cent. interest, payable annually, as long as said fund is equal to five per cent. of the total State bank note circulation,—said deposit shall be invested in interest-bearing bonds of the United States or the State in which said bank is located. Said bonds shall be held to protect the State from any loss, by advances made to the "Redemption Fund."

SEC. 8. That every State Treasury shall create a "Redemption Fund" by the levying of a tax of one per centum per annum on the amount under control of said bank the first year of the issuing of circulating notes by said bank, and continue until said banks shall have paid five per cent. on their circulating funds, or in their actual possession, into said "Redemption Fund," and until thereafter said banks cannot be required to pay any extra assessment into said "Redemption Fund" before they shall have paid the five years tax. If said "Redemption Fund" falls below five per cent. of the total amount of currency in actual possession or in circulation by the several banks which have paid the five years tax into said "Redemption Fund,"—then the Treasurer of the State shall cause the banks of issue to be assessed a sufficient amount to make said "Redemption Fund" equal to five per cent. of the amount in actual possession or circulation by the several banks, which have paid the five years tax into the "Redemption Fund," provided,

that said extra assessment shall not be upon any bank that has not paid into this "Redemption Fund" five years tax, of one per cent. for each year on the amount they have in circulation or in their possession. Banks of issue paying into the "Redemption Fund," shall not be considered having any claims on said fund until they shall have paid into said fund the five payments of one per cent. on the amount of their circulation as herein provided; and all money paid into said funds shall be considered the "Redemption Fund" of these banks of issue which have paid the five payments herein provided. Further, the Treasurer shall have power to invest said "Redemption Fund" in United States or State bonds bearing interest, and to issue a non-transferable (without consent of the State Treasurer) certificate to the banks which have paid into the "Redemption Fund" for five years as herein provided; and further, the State Treasurer shall have power to pay a dividend not to exceed three per centum per annum upon the amount named in said certificate in the "Redemption Fund," when said fund is above the amount required by this act.

SEC. 9.—That each bank issuing currency under this act, shall deposit with the Treasurer of the State in which said bank is located, municipal, county, State, or United State bonds, equal to fifty per cent of their currency in circulation; said bonds shall be issued by such corporation as herein specified, not in excess of seven per centum of their taxable value, and which have not defaulted in payment of the interest in two years, previous to the time of their being offered as security. Further, bonds which are based upon gold or silver bullion deposited in the United States Treasury, can be deposited in lieu of other bonds herein stated; but the face of said bond shall bear a certificate of the Secretary of the Treasury of the United States showing the amount of gold or silver bullion upon which said bonds are issued.

No bonds shall be in excess of the market value of the gold or silver bullion on deposit in the Treasury of the United States, at the time of its issue, and the majority of the

board of commissioners of banks of issue, shall pass upon the market value of such bullion herein named.

SEC. 10. That the notes of insolvent banks shall be redeemed by the State Treasurer of the State in which the insolvent bank is located, out of the "Redemption Fund." When said "Redemption Fund" is not sufficient to meet such demands, then said State Treasurer can draw upon any State's surplus fund in the State Treasury and hold the "Guarantee Fund" and other assets provided for in this act, as a security, to protect the State from loss. The Treasurer shall re-imburse the State Treasury out of the "Redemption Fund" when replenished, either from the assets of the bank which has failed, or, from the assessments aforesaid.

SEC. 11. That no banking association or individual shall have any claim upon any part of the money in said "Guarantee Fund" except for the redemption of the circulating notes of any insolvent State or national bank issuing State bank notes under this act. Any surplus or residue of said "Guarantee Fund" which may be hereafter ascertained or determined by law, shall accrue to the benefit of said State holding said "Guarantee Fund," except as herein provided.

SEC. 12. That the State in which said bank is located shall have a prior lien upon the assets of each failed bank, and upon the liability of shareholders, for the purpose of restoring the amount withdrawn from the "Redemption Fund," for the redemption of its circulation; not to exceed, however, the amount of the failed bank's outstanding circulation, after deducting the sum to its credit in the "Redemption Fund," already in the hands of the Treasurer of the State, or the proceeds from redeeming the certificate issued on said fund.

SEC. 13. That all banks of issue shall be required to make four reports each year of the assets and liabilities of said bank to the Treasurer of the State in which said bank is located; and said statement shall be sworn to by the president or

vice-president, cashier, and the chairman of the board of directors.

SEC. 14. That in case of the conviction of any officer charged with making false statement to the Treasurer of any State, said officer shall be fined not over \$5,000, and imprisoned not less than twelve months in jail.

SEC. 15. That the majority of the banks of issue or banks where applications have been accepted by the Treasurer of said State, shall select a bank inspector, and the salary of said inspector shall be paid by the banks of issue, according to the amount each bank has in circulation. Said bank inspector shall give bond satisfactory to the Treasurer of said State, and said officer shall have the right to go into any bank of issue, demand a full statement, and investigate said bank in detail, the same as an officer when salary is paid the Treasury of said State.

SEC. 16. That the Secretary of the Treasury of the United States, or an officer appointed by him, shall make at least two investigations of the office of the Treasurer of the several States in the United States each year that enact this act, as heretofore specified; and this officer shall have the power to demand the forthcoming of all statements made by the banks of issue of said State, or a statement of any bank of issue, which should have been in said office, as provided, Sec. 13; and the Treasurer of said State shall give a detailed report to the Treasurer of the United States that may be required as to said State carrying out this act to the letter. On the request of the Treasurer of any State, the Secretary of the Treasury of the United States shall detail an officer to investigate any bank specified by the Treasurer of said State.

SEC. 17. That in the event of the winding up of the business of a bank, by reason of insolvency or otherwise, the Treasurer or Comptroller of Currency of said State may, on the application of the directors of said bank, or of the liquidator, receiver, assignee or other proper official, and upon being satisfied that proper arrangements have been made for

the payment of the circulating notes of the bank, and any tax due thereon, pay over to such directors, liquidator, receiver, assignee or other proper official, all bonds and the amount to the credit of the bank in the "Redemption Fund," indicated in Sec. 8. Said amount shall not exceed five per cent. of the amount said bank has in circulation, or of the amount desired to be withdrawn from circulation, and all interest due on certificates (provided for in Sec. 8), shall remain in the "Redemption Fund."

SEC. 18. That when application is made to the Secretary of the Treasury of the United States, according to this act, and satisfactory to the Secretary of the Treasury of the United States, then the Secretary of the Treasury shall cause to be printed such blank currency notes, as specified in said application; provided, that no bank note shall be less than five dollars.

SEC. 19. That the failure of any bank to make their quarterly report, as prescribed by law, the president of said bank shall be fined by the Treasurer of that State not less than one hundred dollars for each day of the delay.

SEC. 20. The Treasurer or Comptroller of the United States shall have power to place a fine of not less than one hundred dollars upon the Treasurer of any State for any failure on his part to compel the several banks under his charge to comply with any part of this act.

SEC. 21. That the first appointment or appointments of bank examiner or bank examiners or inspectors, whose salary is to be paid by the bank of issue, shall be appointed by the Treasurer of said State, on the recommendation of the majority of banks whose application is in the hands of the Treasurer.

SEC. 22. That be it further enacted, That in case any Treasurer or Comptroller of Currency, or their subordinates, of the United States, or the State in which said banks of issue are located, should make a false report of the condition of said bank or banks, they shall be fined not less than one thousand (\$1,000) dollars, or imprisoned not less than one

year in the State penitentiary of the State in which said crime originated.

SEC. 23. That all applications for pardons of persons convicted of failing to carry out this act, in good faith, shall only be granted or fine decreased by the President of the United States. Be it further enacted, All persons counterfeiting, or passing counterfeit currency issued under this act, shall be subject to the existing law of the United States, and shall be tried in a United States court.

SEC. 24. That the Treasurer of any State, on being notified of the fact that certain banks are going out of business, shall give notice to the Secretary of the Treasury of the United States, and he shall give notice to the Treasurers of the several States, and shall, in turn, notify each bank in said State to return all bank bills issued by said bank to the Treasurer of said State, for redemption.

SEC. 25. That be it further enacted, That after the lapse of two years from the date of any bank placing the proper amount in the hands of the Treasurer of any State, for the redemption of outstanding bank notes, if any funds remain, and not called for, then the Governor shall have the power to invest and reinvest said balance in State or United States bonds. The interest from said bonds shall be used for educational purposes in said State.

SEC. 26. That the Treasurer of any State shall impose a fine upon any State officer not over five hundred dollars, for giving out any information as to the condition of any bank, except to the inspectors or Treasurer of said State without written authority from the Treasurer of said State.

SEC. 27. That any State shall have power to authorize the Treasurer of said State, to issue a certificate of deposit, due in one year or less, to any one demanding the redemption of any State bank notes of any bank of issue of said State, which has gone into the hands of a receiver or liquidation; said certificate shall give a descrip-

tion of the bank note for which it is given, and the State holding the original note and other assets as collateral.

SEC. 28. That should any bank fail to pay the tax or assessments, or redeem outstanding currency, that may be required or demanded by this act or future one, then a demand shall be made for the amount of currency issued by said bank or its equivalent; in five days or less from said demand, their failure to meet said demand, or make a satisfactory statement, said bank shall be placed in the hands of an inspector and the president, vice-president and cashier, shall be placed under a bond satisfactory to the State Treasurer for twelve months to protect all parties from loss by any defect or neglect in the management of said bank, and other terms of this act.

SEC. 29. That no bank shall be allowed to withdraw its part of the "Redemption Fund" if it should appear to the Treasurer, that said bank was anticipating the failure of any other bank or banks of issue in said State.

SEC. 30. That the Treasurer of the State shall have power to withhold the acceptance for sixty days of the application of any bank to withdraw as a bank of issue of said State.

SEC. 31. That the Secretary of the Treasury of the United States shall have power to require each Treasurer of the several States in which banks of issue are located, to furnish in such form and number as may be specified, an annual statement ending December the 31st; also, three months after this act goes into effect, a statement of every bank of issue in said State.

SEC. 32. That the Secretary of the Treasury of the United States shall have power to furnish to each bank in the United States, a copy of the statements made by the several State Treasurers in the United States, in a single or combined volume. If any apparent defect is discovered in any statement by any bank of issue, or by any bank official, said defect shall be reported to the Treasurer of the State in which said officer resides; and said Treasurer shall

have power to request of the Treasurer of the State in which said bank having the defect is located, information as to said defect, and said Treasurer receiving such request, shall investigate and give a satisfactory answer to the Treasurer making such request; or the same shall be reported to the Secretary of the Treasury of the United States, who shall take proper action at once.

SEC. 33. That all banks issuing currency under this act shall have the option of redeeming same in gold or silver if the demand should be made, in which a specified class of money is preferred.

SEC. 34. That all banks issuing currency under this act, shall keep a semi-annual (quarterly if required) revised list of the stockholders, giving name and amount held by each, and it shall be subjected to inspection by any bank inspector. And if it should appear that the stock of said bank was intentionally being transferred to insolvent stockholders, it shall be the duty of the Treasury of said State to place said bank in the hands of a receiver, same to be appointed by him.

SEC. 35. That if the amount of currency, or its equivalent, which any bank has outstanding at any stage of proceedings, is paid over to the Treasurer of any State, and satisfactory to him, then the said bank shall revert and can assume business in five days thereafter under the existing original banking law of said State.

SEC. 36. That should any bank doing business under this act fail to report to the Treasurer of the State the fact that the paid up capital of said bank has become impaired for any reason, in five days after said fact exist, then said bank president or vice-president shall be fined by the Treasurer of said State not over five thousand dollars, at the discretion of the Treasurer of said State. If said bank places with the Treasurer of said State the amount of currency or its equivalent that said bank has outstanding, then said bank shall not be subject to the fine; but said bank

shall thereafter do business under the original banking law of that State.

SEC. 37. That the power of selecting State officers to carry this law into effect, and naming their compensation for same is hereby vested in the Treasurer of each State and confirmed by the General Assembly of said State; but the amount of bond required of said officers shall be approved by the Secretary of the Treasury of the United States.

SEC. 38. That the passage of this act and approval by the President of the United States, the Secretary of the Treasury shall, with the advice of the Attorney-General of the United States, frame an act which will conform with this act and furnish the Governor or Treasurer a sufficient number of said act for each member of the House of Representatives and each Senator of said State, with a proper blank certificate attached, showing and agreeing to favor the passage of said act, at the next session of the General Assembly. Further, when the Secretary of the Treasury receives the approval of three-fifths of the members of the House of Representatives and three-fifths of the Senators of said State favoring the passage of this act, properly attested by a superior court judge of said State and endorsed by the Treasurer of said State,—then the Secretary of the Treasury of the United States shall proceed to issue such State bank notes which have been properly applied for and in accordance with this act. This shall not apply to States where the next regular session of the General Assembly is to be composed of newly-elected members; but when that is the case, the Governor of said State shall have power to call an extra session of the General Assembly, to take in consideration the passage of the act presented to them by the Secretary of the Treasury of the United States; and then, or thereafter, when proper proof is given to the Secretary of the Treasury of the United States that said act, prepared by him or his predecessor, is adopted and made part of the laws of said State, then the Secretary of the Treasury

of the United States shall recognize any State or national Bank which complies with the provisions of this act in said State.

But there shall be engraved on the right hand end of each note, circulating as currency, under this act, a conspicuous National design not in similitude to any other design upon any currency now in circulation.

SEC. 39. Be it enacted, All banks of issue, doing business under this act, shall retain and have on hand a reserve equal to ten per centum of their non-interest-bearing deposits, in United States legal tender notes, silver or gold.

SEC. 40. Provided further, The Secretary of the Treasury may, in his discretion, use any surplus reserve of the United States, created under this, or any other act in the redemption and retirement of United States legal tender notes; but such redemption shall not, in the aggregate, exceed an amount equal to the circulating State bank notes, taken out by national or State banks under the system herein provided.

SEC. 41. Be it further enacted, All money collected by fines by the State Treasurer and otherwise shall go in the State Treasury's general fund.

SEC. 42. Be it enacted, The Treasurer of the United States, with the consent of the President, and a majority of the Board of Commissioners of Banks of Issue, shall have power in times of emergency to lessen the restrictions placed upon banks of issue by this act, directly or indirectly; but a deposit shall be made with the Treasurer of the several States which have enacted the body of this act of sufficient security to protect the depositors and holders of the currency of said bank or banks of issue. Said security shall consist of United States (or State bonds satisfactory to the Secretary of the Treasury of the United States) gold or silver bullion bonds, but said security shall be accepted only at ninety per cent. of their market value.

SEC. 43.—That all banks issuing currency under this act, shall designate a bank in said State, with the consent of

the Treasurer of said State, where their notes shall be redeemed on demand.

SEC. 44. That the deposit of fifty per centum of the amount in circulation by each bank of issue, shall not be drawn on except to pay the outstanding notes of the banks which placed said bonds with the State Treasury; but the State Treasurer shall have power to give to said bank a certificate describing said bonds and amounts; but said certificate shall have written on the face, "All claims upon this bank herein named, shall be satisfied (except the stockholder) before this certificate will be recognized or be of any value in the hands of any person."

SEC. 45. That circulation can be retired by a bank at any time, upon the depositing with the Treasurer of the State in which the bank is located, silver or gold or legal tender notes, in amount equal to the sum desired to be withdrawn; and immediately upon such deposit, all assets held by the said bank in the "Redemption Fund" (provided for in Sec. 8), or amount due on the certificates of deposit, shall be returned, and the tax provided for in Sec. 5 shall immediately cease.

SEC. 46. That the President, Vice-President, Speaker of the House of Representatives and the cabinet officers shall constitute a board of commissioners of banks of issue under this Act.

A majority of said Board of Commissioners, including the President and the Secretary of Treasury of the United States are hereby empowered to originate such minor matter that will make this act effectual in carrying out the original intention—but said amendment shall be recommended by the Secretary of the Treasury or the Comptroller of the Currency to the next session of the congress, and they can accept, amend or decline said amendments. But the instructions of said Board of Commissioners shall go into force at once, and continue until the action of Congress or Supreme Court declare against said matter originated by said Board of Commissioners of banks of issue, and the President is hereby authorized to draw warrants on the Treasury to defray the expenses in carrying out this act.

MR. BRANAN'S LETTER,

IN WHICH HE GIVES SOME PRACTICAL REASONS FOR
THE ADOPTION OF THIS COMPROMISE PLAN OR A
SIMILAR ONE.

BEING a commercial traveler and coming in contact with bankers, merchants and consumers, I find in advocating my own business or any public question, I am more successful when I speak in a plain, business-like way. Therefore, in discussing this question (which I have studied mostly by exchanging ideas with the commercial men all over the United States), I will try and deal in every-day expressions.

In presenting this bill to Congress and to the people for their consideration, as a basis upon which banks of issue can go forward and place their circulating notes among the people, with adequate protection from loss, it is not my desire to ask any party or faction to look upon it with careful consideration, or with favor, but I present it to the true and honest Americans of that body who have left their homes and firesides and their private business, that they might stand in the legislative halls of this Union

and do something to benefit their people. Among these men are Republicans, Democrats and Populists; for if this Congress fails to pass a bill to give them financial relief, every name which appears upon the roll will go down in the nation's history with a dark mark under the same.

This plan may appear very strict upon all officers who are connected, either directly or indirectly, with these banks of issue, and this is right, and why?

First.—There is nothing in this plan which is impossible.

Second.—It is important to protect the people, and give them good money,

Third.—It is supposed that these officers are men of executive ability, and should carry this important matter out in a strict business-like manner.

Fourth.—A man who knowingly does wrong, and thereby making that important factor, finance, defective, should be almost annihilated.

You will take in at a glance that this plan places the banks of issue under the direct control of the Treasury of each State, and indirectly under the supervision of the Secretary of the Treasury of the United States of America.

You ask why I do this?

First.—While it is true that ninety-five per cent. of the people feel loyal and proud of our Union, still there is a feeling of pride of "Home Rule;" therefore every banker would like to feel that he was dealing with his immediate friends (the people of his own household) by coming in contact with home officers, and having their money, which constitutes the guarantee and redemption fund, in the hands of their own treasury.

Second.—There will, naturally, arise a competition between the Treasury of the several States as to the high standing of the banks of issue of their respective States. And the result as to the failure of banks of issue would be seldom heard of, at least a failure in which any loss to the depositor would occur or cause a draft on the "Redemption Fund."

Third.—The failure of a bank of issue under this State supervision, and if the officers should not make a satisfactory showing as to good management they would be more severely criticised for any demands on the "Redemption Fund" of their *own*, than they would to draw on the "Redemption Fund" held by the United States. Juries would deal with them without mercy, for there is a feeling among many good men, that the United States is "Big I" and can afford to be robbed, but when they break "State Laws," "woe unto the sinner."

Fourth.—If any State desires not to take advantage of this plan at present, they can delay, see how it works, and take it up in the future.

Fifth.—There will spring up among the banks of the Union a feeling of reciprocity, by which any bank will accept the bank bills of other States as quickly as they would their own; for there would be times when the banks of the South could use the idle money in the West at a reasonable interest, *vice versa* as to both the North and East.

You will notice that I have required a deposit of fifty per cent. in bonds of their State bank circulation, in addition to the national and State tax. This may appear somewhat large in comparison with other plans, but let us make it enough to start on and it will be easier to lessen than to increase it. The congressman can say when he goes home that he has done the banks a benefit and at the same time, say to his people, "they pay for it," and not be criticised.

This plan provides that national banks shall continue and receive the benefit of this plan, also that this plan will continue the issue of national bank notes, which will keep up the market and the demand for United States bonds.

This plan provides in an indirect way the use of silver for less than five dollars usages, also the fact that they can redeem their notes with gold or silver, both the national and State banks will be inclined to carry their surplus in silver, and the outcome will be to increase the demand for silver.

This special banking law being a national interstate banking law for the issuing of State bank currency, it is readily seen how the banks of California should have perfect confidence in the bank bills issued by New York or Georgia, for they would know the system under which that bill was issued. Also they would have a sworn and approved statement of that bank's assets and liabilities in their possession, and confidence between them would grow as the system would become more familiar.

If you will read carefully the protection which is thrown around these banks of issue, you will readily agree with me and say you would rather use one of these banks to make your deposits with, than banks under the general State banking law; for not only the State officers are watching, but the officer of the State Bank Association is keeping a watchful eye open for any flaws; for he has instructions from the strongest banks in the association: "The moment any bank's capital becomes impaired, report it to the State Comptroller of Currency, or you will not only lose your position, but we will make your bondsmen pay all damages by your neglect, both as to drawing on *our* redemption funds, and also any loss to depositors in said bank, from your neglect."

The national banks have been favored in the past, are now being favored to some extent, and, to say the silver section has been favored, is putting it mildly, for we have made "silver kings," and they are to-day bondholders, which are non-taxable, purchased from the sale of a commodity at a loss to the United States.

Men of America! is it not now time to make a few "State bank kings, by which you would do all sections and every State in the Union good, and receive the praise of thousands of your people who are crying for bread and a return of "good times." To benefit such corporations, who are generally the bankers of the cities and the towns throughout the land, is to place money into the hands of men, who will go forward and build up home enterprises, and push forward those matters which will benefit and give the working class means by

which they can earn their living by the "sweat of their brow."

Every congressman and senator can say, "I have done my duty toward my State by passing a bill which will enable them to employ their own inspectors, and issue currency upon a basis which they call safe; if their State think it unsafe, they can hold on to the national bank currency; at the same time, let other States test it, and if it does not work, they or their successors can secure reinforcement, to drop back into the original, or a better system."

The fact that each car (State) has a conductor under strict rules (State Treasurer), and that the engineer, who has charge of these cars (Secretary of the Treasury of the United States) with his hand upon the throttle and his eye upon the rail, and for his "boss," the United States backed by Congress and the President, should be a strong point in favor of this plan.

It seems to me, that those who appreciate the benefit derived from having the credit of the United States held up at a high standard—from a political, financial and social standpoint—should look upon any plan with favor which would place moneyed men or the banks in sympathy, and willing to act in concert with the Secretary of the Treasury of the United States, in securing gold at a moment's notice—to keep \$100,000,000 in treasury, and without the expense of being compelled to issue bonds.

You can at once see how important it is for every bank to throw its gold in the hands of the Secretary of the Treasury, and take gold certificates for same, if he should ask for it—hold it in preference to any other currency, as a reserve to protect the depositor or in any way to protect the gold reserve, in the United States Treasury; for it would be to the benefit of every State and national bank issuing currency under this act, to keep gold down at par, in fact, make it a burden, or rather encourage the use of paper money in preference. For they would know very well the moment gold demanded

a premium—the State bank currency would be at a discount indirectly.

The Secretary of the Treasury under this act, will gradually retire these legal tender notes and the possibility of a demand upon the treasury for gold would grow less every year; not only a large part of the \$100,000,000 that should be in the treasury can be placed into actual circulation; but those persons or banks who are inclined to harbor gold in their private or public vaults in any way, will let it go into circulation very readily.

I believe this plan will enable the United States to float United States bonds, bearing interest from two to three per cent., very easily in the near future, and in smaller denominations, by which the wage-earner can be encouraged to save his earnings and invest in these bonds, which he can use on a moment's notice and at the lowest interest. The more persons holding securities of the United States, a closer bond of union will be the result; besides these bonds being in the hands of the masses, banks of all sections would receive a general benefit by having them presented, as a security for short or long time loans.

Every one will agree that the United States, under the constitution, has a right to issue a currency of gold and silver, but they differ when as to the constitutionality of the right to issue or allow to be issued under their guarantee and protection any other money. It seems to me that congress should have the right to enact such laws as would be a safeguard to protect their gold and silver as to its parity, even if they saw proper to place a tax upon State banks or any other such institutions; and the State banks would have the right to proceed in circulating their currency. The government would thereby keep up the value of their gold and silver dollar which has a certain amount of the commodity therein; otherwise, without this right to protect, there would be a possibility of the value of the gold and silver dollar being affected.

Having this argument before me, I have prepared this

plan in the form of a rough bill, which you have before you hoping that this would have a tendency to influence those who hold to the idea that the tax on State banks is constitutional, to agree with me, when they discover that the government taxes and controls every bank of issue under this plan, and on any day, can regulate and perfect this national interstate bank act, on which I make this limited argument.

At the time of the passage of this tax of ten per cent on State banks, it was seriously questioned as to its constitutionality, also the right of the government to charter and foster national banks; but the government took advantage of the doubt and gave the people the remedy, which at that time was beneficial. And again, when the present congress took the bold stand and enacted the "income tax act," in the face of an argument as to its being unconstitutional, they took the advantage of the doubt, that they might benefit ninety-five per cent of their people and affect about five per cent., who are able to pay the tax, for they have the income. And any person, or more particularly any party, who attempt to do away with this income tax law, the result will be a national death to that party, except at some future date when the masses condemn it, and demand the repeal; particularly, when the constitutionality of it, is unquestioned by hundreds of the best legal opinions of the union; and in connection with that, the government needs that "income tax" money now, especially when these moneyed sharks (many of whom will pay this income tax) are trying to bankrupt "our government" by securing "our bonds" through a trust, and making millions thereby.

In bringing out the action of congress in reference to the ten per cent. tax on State banks, fostering national banks and passing the "income tax act," in the face of an argument as to their being unconstitutional, but made them a law, for the reason I have stated heretofore; they took advantage of the doubt that they might benefit their people; congress should do likewise on this currency

question, come together as men, and not as a party, and take advantage of the doubt, as to the constitutionality of this plan, I have suggested, or some similar one, that they may benefit "our people," and let England take care of herself. When Geo. Washington was our leader and England attempted to control us, then we looked out for ourselves, and to say we are to-day "free citizens" is sufficient.

There is possibly a time coming when the Republicans, Democrats and Populists, will fall into line as one man, and ask no questions as to the politics of the chief commander, but at his command, move forward to face shell and canister with real powder behind them. It may be some of us will return with our dead, and have all the honors that can be heaped upon us as officers and privates who battled in real war; but that's speaking of the future, let us talk of the present. We have a war on us now, and every true citizen, let him be a leader or an humble one, should fall into line and make a charge on that class of moneyed monopoly, who desire to conquer and control our country, "sweet land of liberty." Let them unite themselves on a street, with either a "Rock Wall" or "Gold Wall" as a protection, but victory will be ours, and we will return without a scar, and go into history as men who had the nerve to give to the people a currency which was safe, elastic and not controlled by combinations.

From the moment this bill is approved by the President, you will see silver advance to a point which will surprise the silver men themselves.

I am a friend to free silver, and to the free coinage of same, (at the proper time), and the result of this act going into operation, will be a strong factor in bringing that about, on a safe basis. The day will come, when that MAN and his followers, who took the lead in repealing the Sherman act, will be looked upon by silver men, as the leaders among the friends of silver. It is the friend who stops a man from a mad rush to ruin; it is the friend who harbors the man and

gives him shelter for the night, that he may be better prepared to continue his journey, and be successful in reaching the destiny for which he was intended. The very men who are now urging the free coinage of silver would do well to look into the possible benefit which would be derived from the passage of this act, or some similar one; for to-day, silver is not used in certain sections of the United States, nor in many States. The natural outcome of this act will place silver in every State, and bank of issue, as a circulating currency; for the bank of issue can afford to give silver out in lieu of State bank notes, and no bad results would be the outcome; but the Secretary of the Treasury could not afford to offer silver, when gold was demanded in lieu of legal tender notes. This grand republic of ours should not take any chances, or experiments, when the possibilities would make its financial system defective; but the banks of issue, which have an individuality, could, and no doubt they would work in concert, as to placing silver back into the confidence of the people. The time would soon come when the Secretary of the Treasury, could pay out silver and not affect its credit; and at the proper time, our mines and mints could be opened, and give the people a silver dollar whose bullion value is almost the value of a gold dollar, if not its equal. I am in favor of gold, and know its value as a safe currency; but I am not in favor of the moneyed monopolists using it to injure the credit of the United States. I think every true representative of his people, will not hesitate to enact a law which will lessen this murderous assault which they are making upon "our country."

I know every business man in congress, (that should mean every member of congress) will unite with me, and say this is a business matter of vital importance to the Republicans Democrats and Populists, and should be acted on promptly, when the result will cause all classes of business to resume its former activity, and thereby, give employment to thousands of the unemployed. While there will be an advance in the price of wages and commodities, the result will be of

general benefit to every one. This plan upon which currency can be issued by State banks, will benefit every honest faction now in congress, and it will not injure any of their interests; but to the contrary, will benefit, for "our government" will unload a burden upon the national and State banks of the United States, that has been, and is now threatening her downfall, which would be to the injury of every moneyed interest, and the masses as a whole. I have gathered many valuable suggestions from the plans which have been placed before congress and the people; also the criticism which the congressmen have made upon them from time to time. I will not go into detail as to the amount of silver, gold, legal tender notes, silver and gold certificates and national bank notes now in circulation, also bring the finances of every country in the world, to your attention; as you have had enough of that class of matter already. What the people want is a remedy and it applied at once. The small number of officers required in this plan, in addition to those already employed, after the first year of its existence, is a factor in its favor.

Personally, I am satisfied that each State, could enact such laws as would insure a safe currency; but I see in this plan a benefit to such currency, that would almost make it national, and at the same time have an indirect tendency to bring the States closer together.

Many of these "cheap John" politicians, who read that part of this plan, which directs the Secretary of the Treasurer of the United States, to investigate the statements in the hands of the Treasurer of each State, will throw up their hands, and say: this is intruding on the sovereign rights of the States; this same class of politicians, in case of an uprising of the people, with shot-guns in hand would be the first to run into a "bomb-proof" and hand out to some of their "ward heelers" a telegram to "Grover Cleveland:" "For God's sake send down all the Federal soldiers into our State that you can reach by wire."

This is a compromise measure among "ourselves"—just what our representative on a International Monetary Congress would say on his return, "I did the best I could, and had to accept this as a compromise measure."

This is our country, and if one of our countrymen lose, the other wins, as it is all in the family, and the result of this plan will be of benefit, if only to "our Government's benefit.

This financial question should not be any party measure, any more so than the passage of the general registration bill, which the Georgia House of Representatives had under consideration a few weeks ago. I called upon every member to vote for a Registration Bill, on account of its strong points, which would give an honest ballot and a fair count, for it should not be a party measure any more than the financial question.

If Congress cannot complete this financial building themselves, I fear it would be bad policy to leave it to architects (an expensive commission), who are strangers and are not responsible to the people; but would it not be better to turn the plans over to the "Commission of Banks of Issue" as I have suggested, and say to "our architects" (who are employed by the year) "Here are the plans, proceed at once to complete this financial building" as we desire to move in by the time to reap the "golden grain," and gather the "fleece staple," for then we desire the news to go out to the world that we are ready for business, as the boys say on the road, "and my house has the wherewith to do it with."

There has been a time when it was proper to pass financial war measures; but what the people are crying for at present, is for Congress to pass a financial peace measure, which will save the people from being burdened with taxes in the future with financial war measures, caused, possibly, by the action of this present Congress, for financial aid in time of war, buys lead and powder to play deadly havoc with some one, but financial aid in time of peace, places oil upon the axle of commerce, and causes it to move

forward with a progressive step. The result is, we give work to the idle and bread to the people, instead of put-lead into their bodies.

The constitution of the United States speaks plainly, as to the foundation on which our money shall be issued, when it recognizes gold and silver, so clearly, for in so doing, the framers of the constitution intended to give a granite foundation for future additions to the currency, just the same as we would give instructions to our architects, by saying, "I want the foundation of that building to be of the best grade of granite." The same architect goes forward and adds to that building such additions, that would carry out the original suggestions. Our forefathers gave Congress instructions as to the foundations upon which currency can be expanded, by placing gold and silver as the foundation, and gave them indirect power to add to that financial building, such currency as would prove safe under their protection.

I have given a few points in a plain way, supporting the idea as to the rights of the United States to supervise and protect the issuing of currency. On the other hand, I will quote a few extracts from the speech of Hon. J. C. C. Black, of Georgia, a statesman of high order (his actions show that), in the House of Representatives, May 29 and 31, 1894. For he first advocates the right, and lets the outcome be what it may. I do this to show that there is a strong argument in favor of State banks, under the States' exclusive control, and in outlining this act, I have seen the possibility of this being a compromise measure, which all factions should look upon with favor.

Mr. Black, of Georgia, said:

I wish first of all to notice the position announced by the chairman of the Committee on Banking and Currency [Mr. Springer], and in order that I may not do him any injustice, I quote from the *Record*. After referring to the well-known case of the Vezie Bank, reported in 8 Wallace, he says:

"This decision has been quoted many times. It is the law of the land as much as if its text were in the Constitution itself. However much you, or I as individuals may think that the court erred when it made that decision, we have no right to think so as legislators, because the Constitution provides that the Supreme Court shall be the final arbiter as to what the meaning of the Constitution is."

My friend from Virginia [Mr. Tucker] quoted Judge Miller to sustain the doctrine I have already announced, and the gentleman from Ohio [Mr. Grosvenor] made us a very valuable contribution which I now beg leave to reproduce. I suggest to the chairman of the committee [Mr. Springer] the authority of Thomas Jefferson on that subject. Referring to Mr. Grosvenor's remark, I find in a letter to John Adams, dated September 11, 1804, Mr. Jefferson said:

"You seemed to think that it devolved on the judges to decide on the validity of the sedition law. But nothing in the Constitution has given them a right to decide for the Executive, more than the Executive to decide for them. Both magistrates are equally independent in the sphere of action assigned to them. The judges, believing the law constitutional, had a right to pass a sentence of fine and imprisonment, because the power was placed in their hands by the Constitution. But the Executive, believing the law to be unconstitutional, were bound to remit the execution of it, because that power had been confided to them by the Constitution."

Again in a letter to Judge Roane, dated Poplar Forest, September 6, 1819, Mr. Jefferson remarked:

"In denying the right they usurp in exclusively explaining the Constitution, I go further than you do, if I understand rightly your quotation from the *Federalist*, of an opinion that 'the judiciary is the last resort in relation to the other departments of the Government, but under which the judiciary is derived.' If this opinion be sound, then indeed is our Constitution a complete *fetio de se*. For intending to establish three departments, co-ordinate and independent that they might check and balance one another, it has given, according to this opinion, to one of them alone the right to prescribe rules for the government of the others, and to that one, too, which is unelected by and independent of the nation. * * * The Constitution, in a mere thing of wax in the hands of the judiciary, which they may twist and shape into any form they please. It should be remembered as an eternal truth in politics, that whatever power in any government is independent, is absolute also; in theory only at first, while the spirit of the people is up, but in practice as fast as that relaxes. Independence can be trusted nowhere but with the people in mass. They are inherently independent of all but moral law. My construction of the Constitution is very different from that you quote. It is the each department is truly independent of the others, and has an equal right to decide for itself what is the meaning of the Constitution in the cases submitted to its action, and especially where it is to act ultimately and without appeal."

Now, sir, I shall read from the *Congressional Globe* the proceedings of the second session of the Thirty-eighth Congress, commencing on page 1194, and from that on, I believe, to page 1244. There were adjournments and interferences by other business, so that the discussion of this amendment was not a continuous one. I read from Mr. Hendricks, of Indiana. I would like our Indiana brethren to hear what Mr. Hendricks said upon the constitutionality of this law:

Mr. Hendricks: I do not consent to that. If the Committee on Finance abandon revenue and commence a banking system, I hope we shall discuss it thoroughly. I shall never consent to it as long as I can resist it in any proper way. I do not consider this section as belonging to prevent at all. I consider the whole proposition an outrage upon the States, and I feel it my duty to resist it as long as I am able to do so. If it were a revenue question, I would go to any extent, compromise anything; but it has nothing to do with revenue. It is to carry out a peculiar policy that I do not believe the country wants.

Mr. Walker: Will it disturb the gentleman for me to put in a point right here?

Mr. Black, of Georgia: I wish to be perfectly courteous, more than courteous, liberal. I will hear the gentleman.

Mr. Walker: Mr. Chairman, the point of the alleged unconstitutionality of this law is its prohibiting the States from acting on this question purely as an issuing of money, a revenue question. Now I desire to call the attention of the gentleman to this point—and I hope he will notice it—that the issuing of this money is a part of the commerce, a part of trade, a part of the regulating of interstate trade; a point which is not taken into account in any of these discussions to which the gentleman refers.

It seems to me that Mr. Walker's intimation is correct, for I find that money is a very important commodity as to carrying on commerce, it is as much an important factor in pushing forward commerce, as steam is in receiving the full benefits from a locomotive, which stands at the station ready to go forward, and the only thing necessary is to turn on the steam and she moves forward with ease: so give this financial relief and commerce will move forward as she did of old.

Mr. Black, of Georgia: I suggest, Mr. Chairman, it is rather a remarkable thing that it never occurred to these great men who were expounding the Constitution to take the view that this was part of commerce. It is no part of commerce. The issuing of money is not commerce in the sense of the Constitution, and the power to control it can not be derived from the provision of the Constitution which relates to commerce. Besides, that provision of the Constitution which relates to commerce relates to commerce with foreign nations and among the several States and with the Indian tribes. You propose to step over State lines and to come within the boundaries of the sovereign—yes, sir, I am not ashamed to say the sovereign State of Georgia, or any other sovereign State in the Union, and say to the people of that State, under the pretext of relating interstate commerce, that they shall not have a right to carry on their own domestic and internal affairs.

Mr. Black, of Georgia: I quote now further from this discussion the remarks of Mr. McDougall, of California, who said:

The policy of this amendment was indicated in the speech of the chairman of the Committee on Finance upon the introduction of this bill. It may be an opinion of this Government—so far as it is a government considering it as a Senate, House of Representatives and Executive—that it is wise policy to wipe out of existence all the authorities and powers of the States.

Oh, Mr. Chairman, I know that the idea that Mr. McDougall was advocating is not a very popular one to suggest in some quarters. I know when we do suggest it we are met with the charge that we are going back thirty or forty years to the period that antedated the war and to the theories of our government entertained at that time; but let me tell you, sir, that the truest friends of this Union, purchased by the blood and the sacrifices of our fathers, are the men who are most zealous to maintain the right of the States that constitute the Union, the Union—yes, an indivisible Union, but an indivisible Union of indestructible States.

Here—

Says Mr. McDougall—

is an edict of this Government to wipe out of existence all State power to organize institutions to deal in money in their several jurisdictions.

Mr. President, monetary, administrative, judicial and military powers must have their several relations. The fathers who laid down the foundations of this Republic were men who had studied the lessons of antiquity. They had learned from Grecian and Roman states many lessons; but there was a little work, not voluminous, which was the favorite Republic, the author of which was called Montesquieu. He affirmed as an absolute truth as the result of great study (and he was called then the best philosopher on the science of government) that no republican institution could be maintained over a vast extent of territory only by association. It is a truth in political science, that in the maintaining of institutions we have to make them more or less immediately. How we will make them depend, of course, upon the particular condition of society and their affinities. It would not be hard to aggregate New England. No government could be maintained as a repub-

lican system of government over vast territories unless they are subdivided into separate portions, where their special administration is exercised in small districts, and where their general power is aggregated in the whole, as it was in Greece, as it was in the Achaean League, as it was in the States of the Middle Ages, and in the free cities of Europe.

This is the truth which history has established, which Montesquieu has recorded, and which the fathers of the Republic introduced into our Constitution as a principle. We have a country extending from the Atlantic to the Pacific, from the Gulf of Mexico to the Northern Lakes, and then again up far away to British Columbia. Does any reasonable man suppose that a single system of banking, inaugurated by the politicians or the managers in the city of Washington or in the city of New York; or that California could do it, or that Dakota could do it, or Idaho, or Arizona? No, sir. Their interests are adverse, and they have their various modes of transacting business, and for the purpose of transacting their business they require their own mode of doing it.

I differ with Mr. Dougall in the latter paragraph, for I think good money is, and should be, the same in every State of the Union, but I see very plainly, how we should not enact a general act, when the climate or latitude is in question, for instance, a warm climate desires open street cars, and a cold climate demands closed cars.

Mr. Black said: Mr. Chairman, I deny it. This legislation is not only unconstitutional, but it is undemocratic.

Mr. McDougall says further:

It is not many years since a majority of the people of the Republic entertained, or at least endorsed, the opinion that the United States Bank was unconstitutional, that we had not a right to establish an institution that should raise itself in the various States as a great money power and be a corporate body under the influence of this Government. Now, a further proposition is made—it goes much further—that no State may organize a banking institution; for although in form of words this is not said, it is substantially expressed by this Machiavellian style of language, not saying the thing, but providing for the thing being done. In the State in which I live we have a gold and silver currency, and we have banks, and so we have on all the coast of the Pacific.

And yet under our financial system and under a financial system which is sought to be perpetuated by the enforcement of this law taxing State banks out of existence, the States could not organize a bank to redeem their currency in gold and silver—the money of the Constitution, the only money of the Constitution, the only money in its true sense that was known to this Government for a long period of its existence.

I am not discussing just now the question whether the States ought to do this or not. I am not addressing myself to that question. I simply say the proposition that Congress can prohibit a State from establishing a banking institution to redeem its currency in gold and silver is a proposition utterly indefensible from any constitutional or democratic standpoint.

Again Mr. Hendricks said:

It is certain that the committee, as the representative of the body for the examination of this measure, said to the Senate that the section ought to be stricken out. I think so too. I suppose no Senator questions the right and the power of a State to establish banking institutions.

I comment that language to the chairman of the Committee on Banking and Currency, who did question the right of the State to charter banking institutions—who did say that the States have no more right to issue currency than to coin money. It never occurred to any Senator even on that side of the question, in the discussion of this original proposition before the Senate, to deny the authority of the States in this respect, because they knew, I presume, what the gentleman must

have known, though he evidently forgot it at the time, that the question had been adjudicated by the Supreme Court of the United States and it had been fortified by a contemporaneous exposition of the Constitution through seventy-five years of the history of the Government.

I suppose no Senator questions the right and power of a State to establish banking institutions. That is too well established to admit of discussion any longer. It is one of the rights, one of the prerogatives of the States to establish banking institutions and to authorize them to issue paper money. The States have exercised this power.

Now he proceeds to speak of the State of Indiana, to which the chairman of the Committee on Banking and Currency referred in his speech the other day:

In the State of Indiana it has been exercised very beneficially to the trade and prosperity of the people. If a State has the power to establish banking institutions, has Congress the power to forbid it? If not the power to forbid it directly, has Congress the power to defeat the purpose of the State in the exercise of one of its powers by indirect legislation?

Let me say to the Democrats on this side of the House who seem to dissent from our position on this question, if you are going to prohibit State banks from the exercise of this power, then for the sake of consistency, for the sake of decency, pass an out-and-out statute, penal on its face, and do not seek to cover up your action under the pretended exercise of the taxing power of the Government. It is not a tax; it never was intended for revenue; it has never produced revenue. It is a falsehood to call it a tax or to treat it as a tax.

Now if you say that Congress has the right to do this, then swallow your words on the subject of tariff taxation, or prohibit by a penal statute the exercise of this power on the part of the States, and say that any State corporation that issues banking currency shall be guilty of a misdemeanor. But do not perpetuate upon the statute books of the country this barefaced, shameless lie, that you are levying a tax when you know you are not levying a tax, and when know that, except perhaps for a short period and an insignificant sum, not a dollar nor a cent of revenue ever was derived from it or ever will be.

Mr. Patterson: Will the gentleman allow a suggestion in this connection? Supposed that the proposition designed in fact to tax the State banks out of existence, had recited on its face that such was its purpose, and that it was not for the purpose of revenue, what then would have been the decision of the Supreme Court?

Mr. Rayner: That question was decided. Chief Justice Chase said that such an act would have been perfectly good.

Mr. Black, of Georgia: Mr. Chairman, I do not care to have a side discussion of this kind interjected into what I am undertaking to say.

Mr. Oates (to Mr. Rayner). It was an absurdity when he said it.

Mr. Rayner: He said it all the same.

Mr. Cox: It is an absurdity all along the line.

Mr. Black, of Georgia: But whatever is done in this discussion, or whatever the result of the action of the House may be—and I will not assume to advise, much less would I assume to dictate to my associates on this side of the house, whose sincerity and ability I concede—I want to say to them, if they expect to hold to the old and sound Democratic doctrine of a tariff for revenue, this statute must go, whatever else you may enact in its place.

Mr. Hendricks further says.

If not to forbid it directly, has Congress the power to defeat the purpose of the State in the exercise of one of its powers by indirect legislation? I claim, Mr. President, that to some extent this question was considered by the Supreme Court in a case very familiar to all Senators, that of McCulloch vs. The State of Maryland.

He goes on and examines that decision and proceeds:

It is conceded that the States have the right and the power to establish State banks. The Supreme Court in the decision of this case, do not base their decision upon any peculiar power possessed by the General Government, but they hold the broad doctrine, the doctrine necessary to be held in maintaining the proper relations among the States themselves, and between the States and the Federal Government, that one government cannot pull down that which another government has a right to establish. Does the Senator concede; so well is it established by the judicial decisions of the country. Then if the State of Indiana, as an illustration, has the power to establish a State bank? That is conceded; so well is it established by the judicial decisions of the country. Then if the Congress has the power to forbid it? If Congress has not the power to forbid it directly, has Congress the power to defeat the State, by indirect legislation, in an effort to exercise the power it is conceded the possessors?

I quote now from Senator Powell, of Kentucky.

The result of this course of legislation is utterly to destroy all the rights of the State. It is asserting a power which, if carried out to its logical result would enable the National Congress to destroy every institution of the States, and cause the power to be conducted like wise and sensible men you would pass a law repealing your national banking manifest its rottenness will be.

Further he says:

Every man knows the power of money. It is dangerous to the liberties of the people, and I fear will ultimately be used as a lever by which to overthrow and destroy those liberties. For one, I look on this system of consolidation with the greatest fear and apprehension.

And if some power could call him back to-day from his grave, looking at our existing financial system, he would feel more deeply the apprehension and fear he then expressed.

Here is what Mr. Henderson, a Senator from Missouri, said:

Now, Mr. President, I say in the first place that this thing is unconstitutional. In the second place it does not aid the government.

Mr. Johnson says:

I think it involves a constitutional question, free in my judgment of all real difficulties. From the beginning of the Government to the present time the authority of the States to establish banks and to clothe these banks with the authority to issue notes, has never been seriously questioned.

Chief Justice Chase, in his opinion, said:

A railroad company in the exercise of its corporate franchise, issues freight receipts, bills of lading and passenger tickets, and it cannot be doubted that the organization of hardly be questioned that these contracts of the company are objects of taxation within the powers of Congress, and not exempted by any relation to the State which granted the charter of the railroad.

I respectfully submit that, adopting the analogy of this decision, no man on this floor would for a moment maintain the position that the Congress of the United States had a right, under the guise of the power of taxation, to strike down and prohibit freight receipts, bills of lading, and passenger tickets. And yet, if the position is correct that because Congress can tax these things, therefore it can lay a prohibitory tax upon the issue of State banks, it logically follows that Congress could also impose a prohibitory tax upon the issue of freight receipts, bills of lading and passenger tickets.

Mr. Black, in referring to certain decisions, remarked: These judges say—

The court observed that the Banks of North America and Massachusetts and some others were in operation at the time of the adoption of the Constitution, and that it could not be supposed the notes of these banks were intended to be inhibited by that instrument or that they were held to be void because they were issued before the Constitution was established.

The constitutional power of the States being thus established, if inconvertible authority, to create State banking institutions, the next question is whether or not the tax in question can be upheld consistently with the enjoyment of this power.

Mr. Black said:

Now, Mr. Chairman, I announced in the beginning of my remarks that I would undertake to maintain two propositions. One was that

this law levying this tax was an unconstitutional law, and the other was that it was undemocratic; that it was contrary to the platform of the Democratic party. I may be permitted in this connection to quote from an authority upon the binding force of the platform of the Democratic party at least upon this side of the House. I quote the opinion of a person of no less distinction than the Chairman of the Committee on Banking and Currency. I refer to that gentleman with the greatest possible personal respect. I make illusion to him in this discussion only because of the relation he bears to the pending matter, because of the fact that by reason of his long and distinguished public service he commands the attention of the country, and because he is the chairman of the Committee on Banking and Currency and has at great length and with so much earnestness addressed this committee in favor of this law. On the 29th day of August, 1893, on the repeal of the purchasing clause of the Sherman law, Mr. Springer said:

Mr. Speaker, I stand unequivocally on the seventh section of the Democratic platform adopted at Chicago in June, 1892.

And he then quoted from the section of that platform denouncing the Sherman act of 1890. On the same day, and in the same speech he quoted the third section of the platform denouncing protection, and said:

Our pledges to carry out these two propositions are equally sacred, and must be kept in both cases to the very letter.

Again, speaking generally, he said:

I believe, Mr. Speaker, that the representatives of the people on this floor, the Democratic party as represented in the Senate, and the President of the United States will unite in making good the promises that we made to the people, and upon which we secured the election of a large majority of this House and the majority in the Senate, and an unprecedented majority of the Electoral College in behalf of the candidates of the Democratic party.

I think, Mr. Chairman, that was a correct statement of our position and of our duty, as well as of our obligation to the people to carry out those pledges. I now ask of this side of the House, and all I ask is that we carry out all these pledges to the letter. All I now ask is that when we stand on the Democratic platform, we shall stand on it flat-footed and squarely, not on one plank or on two planks, but on every plank. If we are bound by our pledges to the people to carry out the third and seventh sections of the Democratic platform, which I have quoted, how is it that we are any the less bound to carry out the eighth section? If we were bound in August, 1893, to carry out these pledges, are we any less bound now?

I beg to call the attention of this side of the House to the fact that this statute, in my opinion, is opposed to no less than three planks of the Democratic platform. It is opposed, first, to the one that has been already quoted, and the one that naturally and readily occurs to us, the eighth section:

We recommend that the prohibitory 10 per cent. tax on State-bank issues be repealed.

But that is not all. There is a great deal more in the platform. There are many principles announced in it, and I respectfully insist that this statute which we are now seeking to repeal is in conflict with those principles. Let me call your attention to section 3.

We denounce Republican protection as a fraud and robbery on the great majority of the American people for the benefit of the few.

Mr. Black continued:

Now, are we to have class legislation in our finances, and denounce class legislation in our tariff system? Here is a provision of this platform:

Sec. 5. We recognize in the trusts and combinations which are designed to enable capital to secure more than its just share of the joint products of capital and labor, the natural consequence of the prohibitive taxes which prevent the free competition which is the life of honest trade.

Now, let us analyze that. That, I take it, is a declaration of principle, upon which we pledged ourselves to stand, and to enforce by proper legislation. Would it does it say? It says that—

Free competition is the life of honest trade.

Is not that true in finance, as well as in every other system? What more does it say? It says that—

Prohibitive taxes prevent free competition.

Are we to denounce prohibitive taxes that prevent free competition in the barter and exchange of goods, and uphold a system that strikes a deadly blow at free competition, which is the life of honest trade, in our financial system?

What more does it say? It says that as a natural consequence of prohibitive taxes, which prevent free competition, which is the life of honest trade, we have trusts and combinations. Where have we more trusts and combinations than in our system of finance? And I understand the true, genuine Democratic rallying cry to be: Down with all trusts, no matter from what quarter, no matter by whom maintained. Down with all trusts; down with money trusts as well as manufacturing trusts. Unshackle the people and give them the God-given right to govern themselves. [Applause on the Democratic side.]

Now, Mr. Chairman, I oppose this law and I insist upon its repeal because in my opinion, it is unconstitutional. It is unconstitutional because it denies to the States the right which they had when the Government was founded, and which they exercised for seventy-five years of its existence. I denounce it as unconstitutional because it is a prostration of one of the great powers of this government. I denounce it as undemocratic, because it is a system of protection without the flimsy excuse or pretext of protecting American labor or sustaining infant industries. It is in finance what the McKinley law is in the tariff system. For that reason it is undemocratic.

It is undemocratic because it is monopolistic. Is not the Democratic party always the inveterate enemy of monopoly? Here, by the perpetuation of this statute, you perpetuate a monopoly. Therefore, I say that it is undemocratic. It is class legislation. It fosters trusts and combinations in money, and are we to say that a system that prohibits the importation of a yard of cloth or a pound of any other product of a foreign government is undemocratic, un-American, unconstitutional, a fraud and a robbery, and yet uphold a system that says that the free people of the States of this Union shall not have a right to issue their own currency for their own domestic and internal affairs? I say no, and again I respectfully insist that this statute not only is in conflict with that single provision which recommends the repeal of this tax, but it is in conflict with those two other planks in the Democratic platform which announce great cardinal, fundamental principles.

The chairman of the committee [Mr. Springer] submitted a constitutional argument upon this subject. He says:

The Constitution evidently intended to give to Congress exclusive jurisdiction in reference to money. Section 8 of Article I, provides that—

"The Congress shall have power * * * to coin money, to regulate the value thereof, and of foreign coins, and the standard of weights and measures."

And in section 10 of the same article, it is provided that—

"No State shall * * * coin money, emit bills of credit, make anything but gold and silver coin a tender in payment of debts."

Then he submits this argument:

I am aware that there are many conflicting opinions of individuals and decisions of courts as to the meaning and scope of these provisions of the Constitution. But all admit that the exclusive power to coin money and to regulate the value thereof is vested in the Congress of the United States. There is no real money in this country except the coins of the United States. Paper currency is merely a promise to pay coin—to pay money. It is not the coin or the money itself.

Here is a distinct acknowledgment that paper currency is not money and yet, strange to say, by some sort of a mental tergiversation, the gentleman reaches the conclusion that under the power in Congress to coin money, it has supreme and exclusive jurisdiction over the issuing of paper currency.

It is true—

He says—

for all practical purposes it is money, * * * the coin is the money at last, and Congress was given exclusive jurisdiction over coins—the power to coin money and to regulate the value thereof.

And then he concludes by saying this:

To avoid such confusion in finance, we must adhere to the doctrine that Congress has exclusive jurisdiction over money and over everything that passes for money, everything that performs the functions of money.

Now, here is the statement that Congress has exclusive jurisdiction over money and over everything that performs the functions of money.

Why, I am sure the gentleman must for the time being have forgotten the fact that there are a great many things that perform the functions of money—bills of exchange, checks, promissory notes, and even mutual accounts can and do perform the functions of money. Where the accounts are mutual, not only can the parties set off and thus make payments to each other, but if they go into the courts, the courts will compel them to set off.

To appreciate Mr. Black's argument is to read it in full, and while I may not agree with him as a whole, I would feel safe for his ideas to be carried out to the letter.

The speech delivered by the Hon. Thos. G. Lawson, of Georgia, May 26, 1894, on the repeal of the ten per centum tax on State banks is a strong argument and the introductory remarks give food for much thought.

Mr. Lawson said:

Mr. Chairman, I did not expect to address the committee this afternoon; I know that members of the Committee on Banking and Currency would be preferred in the order of debate, but as no member of that committee is now prepared to go on, I will claim the floor in my own right.

I propose to submit some observations in favor of the repeal of the prohibitory tax on State bank notes. True, there are no existing notes that fall due under the prohibition, but we propose to repeal it because it is wrong in principle, unwise in policy, and injurious in its operation.

The State banks referred to are private companies, incorporated by the several States for the purpose of transforming their credit into currency for general use among the people. We propose that their authority to issue notes shall be derived from the States in the exercise

of their constitutional prerogatives and sovereign will, limited only by such conditions and safeguards as they may severally see fit to impose. I am willing to instruct the State with plenary power over the subject, persuaded that they are competent to enact legal provisions sufficiently wise and just and careful to protect their own honor and dignity, and also furnish to their citizens a sound, stable and adequate paper currency.

The power to incorporate them resides alone in the several States, and assuming that they would be useful, that they would perform valuable functions, and greatly enhance our commercial prosperity, it follows that the power of the States to create them ought not to be abridged. No one will deny that a sound banking system, having authority to issue a paper currency, and to thereby utilize that large mass of otherwise dead capital of the people, namely, their credit, is promotive of the most essential facilities and the largest prosperity in the conduct of business.

McLeod say that—

Banking is the most potent engine for the increase of the moving power of any given quantity of actual capital that it is possible to devise, consistently with keeping up the value of the currency at its level with bullion. And just as the banking spreads more extensively, does it multiply the producing power of the community.—*McLeod on Banking*, Volume 2, page 408.

This plan is more liberal to the banks, as to issuing currency, than the present national banking law. I am satisfied the tendency will be, for banks carrying on business under charters granted by the United States, to give them up, and secure State charters in their stead, and there will be very few, if any, new national bank charters granted hereafter, and the natural outcome will be that this new system will grow in favor with the people.

The people are not ready to give to the State banks, or any corporation, such unlimited privileges, as to issuing money simply upon their credit, as some of these plans allow, which have been suggested to Congress, by which they could declare an increased dividend, any more so than they are to allow the government to stamp fifty cents worth of silver into a dollar, for the benefit of certain mine owners. To bring out this idea more clearly, I will quote Mr. G. R. DeSaussure (Vice-President Exchange Bank, Atlanta, Ga.), who said in a recent paper: "Again in 1857, when the Hon. ex-United States Senator Joseph E. Brown was governor of the State, this currency or bank question was agitating the public mind. The banks, through their influence, had

become a power in the State, and had willfully disregarded the law in regard to specie payments; the governor, though then perhaps young in experience, showed a remarkable strength of purpose in contending with an opposition supported by two-thirds of the Legislature and a strong public sentiment. A bill was introduced (in the Legislature), and after infinite and elaborate discussion passed, suspending forfeiture proceedings against the suspended banks for one year. Governor Brown sent in his veto of the bill, and with it a message which marked him before the people as a leader. The message closes with these words: 'I feel it to be a duty I owe to the people of Georgia to do all in my power to avert the evils which would follow the passage of an act legalizing the suspension of the banks. All solvent banks will doubtless soon resume specie payment. I shall do all which the law makes it my duty to do to have the charters of such as do not resume forfeited, and their assets placed in the hands of receivers, and converted into money and paid to their creditors as soon as possible. No serious inconvenience will follow, as it is believed most of them are solvent and will resume. Those which are not solvent will be wound up, and the sooner the better for the people. Governor Brown must have appreciated fully the danger to the country under the system of currency then in existence. In fact, Avery reports him as saying, 'the citizens could only loan money, dollar for dollar, at seven per cent.; the bank could issue three dollars for one and use all four, realizing from thirty to fifty per cent.' and again, the privilege was unreasonable, and he branded such banking as a 'legalized system of speculation, oppression and wrong.'

The same account of the veto goes on to say, "Why did they not resume? Because it was to their interest not to do so. They made money out of the suspension. Warming up, the plain-spoken governor said, that the banks that had suspended, and so continued, were guilty of a high commercial, moral and legal crime, depreciating the value of property, causing pecuniary depression, injuring the public credit

and violating the law of the State. Private citizens had to meet their obligations. Banks should do so. The citizens could not suspend. The banks should not."

These State-rights statesmen should realize that the State Treasurer in this act, is a sub-treasurer in one sense—and the outcome would be to benefit their people. If they should fight the passage of this bill upon that idea, and insist upon being a barrier between the government and a plan to benefit the people, then this act could be changed, so as to have a sub-treasurer in each State, which would act instead of the State Treasurer. Of course, this would place the banks of issue more directly under the supervision of the United States authorities; but the original idea, to allow each State to stand on its own dignity, and to utilize its own local or State securities would still be in vogue.

We, the commercial travelers, backed by the business men of Atlanta, originated and have now in operation what is known as the "Trust Company of Georgia," with a capital of a half million (which can be easily increased, if necessary); and are better prepared to be designated or to act as a sub-treasury in many respects than the Treasurer of some States—for our office is equipped with the latest improvements in vaults, and has enough separate apartments to accommodate every bank in Georgia. Such institutions, doing a strictly "Trust business," are located in almost every State.

I agree fully with Capt. R. J. Lowry (President of the Lowry Banking Co.), who says:

"Any plan looking towards issuing currency under a new system should contain four essential points, viz.: Safety, elasticity, uniformity and convertibility."

These four important factors are in the plans upon which I suggest a bill can be formulated. To consider each point and follow it up through each section of the plan will be to bring it out boldly.

There are good reasons why all gold coin less than twenty dollars, should be withdrawn, and only a twenty dollar

coin placed into circulation; also, that the United States should withdraw all five dollar and less of legal tender paper currency (except national bank notes and silver certificates), and substitute instead larger bills. This would create a demand for silver. All actions on the part of Congress should tend to relieve the United States of any direct protection for currency except gold and silver. This question of silver and gold coinage should be acted on in a separate measure, but have in mind the passage of this act or some similar one.

While it is true that a strong undercurrent exists by which, the North, South, East and West are being brought nearer together in a bond of social union—yet I am satisfied that thousands who will carefully read this plan will agree with me that the outcome of this Interstate Currency Plan, if placed into existence, will do more toward bringing and holding these several States close together than any other. I make this assertion on the simple statement, that mutual financial transactions, is one of the strongest, if not the strongest factor in binding people together.

To appreciate any bill for the change of the currency system, is to read it time and again and make it a study. I ask that the people look well into this plan and call my attention—or some one who is interested—to any plausible defects which may be detected and make it more perfect by giving it your consideration. Look into this plan with an eye to improve it and not go on record as a fault-finder and cannot see good in anything except yourself and your ideas.

I would not be recognized as an "Atlanta Drummer" if I did not call the reader's attention to the good judgment of Congress, in appropriating funds to make an exhibit of the resources of the United States, at a point where millions of people all over the world will see what she is, and the possibility of her grand future. Every citizen of this union who visits the Cotton States and International Exposition (to be held in Atlanta, Ga., U. S. A., September, October, November and December, 1895) will say to the people of the world

who are present, "that we are the people," and particularly so, if this currency plan or a similar one is adopted, for such action will be the steam as I have said, that will move the engine of commerce.



The present condition of our country demands the attention of the leaders in our government, as in the days of Nehemiah. Read Nehemiah, 5th chapter, and connecting ones.



R. J. LOWRY,
President.

LITT BLOODWORTH, Jr.,
Secretary.

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